

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-08 ARA-10 EUR-12 EA-09 NEA-10 IO-13
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AID-05 NSC-05 TRSE-00 SS-15 OMB-01 CEA-01 CIAE-00
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LAB-04 SIL-01 ITC-01 DODE-00 PA-02 PRS-01 L-03
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EB/ICD/TRP:PPILKAUSKAS
STR:BSEASTRUM

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FM SECSTATE WASHDC
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS PRIORITY
AMEMBASSY ABIDJAN PRIORITY
AMEMBASSY BANGKOK PRIORITY
AMCONSUL BELIZE PRIORITY
AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS PRIORITY
AMCONSUL CALI PRIORITY
AMEMBASSY CANBERRA PRIORITY
AMEMBASSY COPENHAGEN PRIORITY
AMCONSUL DURBAN PRIORITY
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AMCONSUL GUAYAQUIL PRIORITY
AMEMBASSY THE HAGUE PRIORITY
AMEMBASSY KHARTOUM PRIORITY
AMEMBASSY LILONGWE PRIORITY
AMEMBASSY LONDON PRIORITY
AMEMBASSY MAPUTO PRIORITY
AMEMBASSY MANILA PRIORITY
AMEMBASSY NEW DELHI PRIORITY
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AMEMBASSY PARIS PRIORITY
AMEMBASSY PORT LOUIS PRIORITY
AMEMBASSY PRETORIA PRIORITY
AMCONSUL CAPE TOWN PRIORITY
AMCONSUL RIO DE JANEIRO PRIORITY
AMCONSUL SAO PAULO PRIORITY
AMEMBASSY SEOUL PRIORITY
AMEMBASSY STOCKHOLM PRIORITY
AMEMBASSY SUVA PRIORITY
AMEMBASSY TAIPEI PRIORITY

AMEMBASSY TANANARIVE PRIORITY
AMEMBASSY TOKYO PRIORITY
AMEMBASSY VIENNA PRIORITY
AMEMBASSY MBABANE PRIORITY
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E.O. 11652. N/A

TAGS. ETRD, EAGR

SUBJECT: SUGAR: ITC REPORTS TO THE PRESIDENT

REF: (A) STATE 48309, (B) STATE 54819, (C) STATE 57671

1. IN REFTEL (C) WE ADVISED THAT THE ITC, HAVING FOUND INCREASED IMPORTS A SUBSTANTIAL CAUSE OF THREATENED SERIOUS INJURY TO THE UNITED STATES SUGAR INDUSTRY, DECIDED TO RECOMMEND THAT RELIEF BE PROVIDED IN THE FORM OF AN IMPORT QUOTA, BUT SPLIT 3 TO 3 ON THE ISSUE OF THE LEVEL AT WHICH THE QUOTA SHOULD BE SET. THE FOLLOWING IS THE TEXT OF THE PERTINENT PORTIONS OF THE ITC PRESS RELEASE DATED UNCLASSIFIED

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MARCH 17 ANNOUNCING THAT THE COMMISSION HAD SUBMITTED THE REPORT OF ITS FINDING AND RECOMMENDATIONS TO THE PRESIDENT:
BEGIN TEXT:

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THE UNITED STATES INTERNATIONAL TRADE COMMISSION TODAY REPORTED TO PRESIDENT CARTER THAT THE DOMESTIC SUGAR INDUSTRY IS BEING THREATENED WITH SERIOUS INJURY BY INCREASED IMPORTS AND RECOMMENDED THAT QUOTA RESTRAINTS BE IMPOSED ON IMPORTS TO RELIEVE THE THREAT.

THE COMMISSION WAS EVENLY DIVIDED, 3 TO 3 OVER WHETHER THE ANNUAL IMPORT QUOTA APPLIED TO IMPORTS OF SUGAR, SIRUPS,

OR MOLASSES COVERED BY ITEMS 155.20 AND 155.30 OF THE TARIFF SCHEDULES OF THE UNITED STATES (TSUS) SHOULD BE SET AT 4,275,000 SHORT TONS, RAW VALUE, OR 4,400,000 SHORT TONS, RAW VALUE. - ,

THE COMMISSION'S REPORT IS THE CULMINATION OF A 6-MONTH INVESTIGATION CONDUCTED UNDER THE "IMPORT RELIEF" PROVISION, SECTION 201, OF THE TRADE ACT OF 1974.

VICE CHAIRMAN JOSEPH O. PARKER AND COMMISSIONERS WILL E.

LEONARD, GEORGE M. MOORE, CATHERINE BEDELL, AND ITALO H. ABLONDI FORMED THE MAJORITY, FINDING THE U.S. SUGAR INDUSTRY ELIGIBLE FOR IMPORT RELIEF UNDER THE TRADE ACT OF 1974. VICE CHAIRMAN PARKER AND COMMISSIONERS LEONARD, MOORE, AND BEDELL SAID THAT THE SUGAR INDUSTRY IS THREATENED WITH SERIOUS INJURY BY THE INCREASED IMPORTS OF SUGAR, SIRUPS, AND MOLASSES COVERED BY ITEMS 155.20 AND 155.30 OF THE TSUS. COMMISSIONER ABLONDI SAID THAT THE DOMESTIC SUGAR INDUSTRY IS ALREADY SUFFERING SERIOUS INJURY FROM INCREASED IMPORTS OF SUCH ARTICLES. TSUS ITEMS 155.20 AND 155.30 ACCOUNT FOR VIRTUALLY ALL U.S. IMPORTS OF THE ARTICLES CONCERNED IN THE INVESTIGATION. UNCLASSIFIED

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TION.

CHAIRMAN DANIEL MINCHEW DETERMINED THAT SUCH ARTICLES WERE NOT BEING IMPORTED INTO THE UNITED STATES IN SUCH INCREASED QUANTITIES AS TO BE A SUBSTANTIAL CAUSE OF SERIOUS INJURY, OR THE THREAT THEREOF, TO THE DOMESTIC SUGAR INDUSTRY.

IMPORTS OF THE OTHER ARTICLES CONCERNED IN THE INVESTIGATION (THOSE COVERED BY TSUS ITEMS 155.10, 155.12, 155.15, 155.21, 155.31, AND 155.75), WERE NEGLIGIBLE, NIL, OR DECLINING IN RELATION TO TOTAL U.S. IMPORTS OF SUGAR, AND THE COMMISSION DETERMINED IN THE NEGATIVE IN THE TERMS OF THE STATUTE OR MADE NO DETERMINATION WITH REGARD TO THOSE ITEMS.

VICE CHAIRMAN PARKER AND COMMISSIONERS MOORE AND BEDELL VOTED FOR AN ANNUAL QUOTA OF 4,275,000 SHORT TONS, RAW VALUE, TO BE APPLIED TO IMPORTS OF SUGARS, SIRUPS, AND MOLASSES PROVIDED FOR UNDER TSUS ITEMS 155.20 AND 155.30. THEIR PROPOSED QUOTA WOULD EXTEND FOR 5 CALENDAR YEARS, BEGINNING JANUARY 1, 1977, AND TERMINATING AT THE END OF CALENDAR YEAR 1981. THIS QUOTA WOULD BE ADMINISTERED ON A COUNTRY-BY-COUNTRY BASIS; THE PRESIDENT WOULD, AT HIS DISCRETION, DIVIDE THE QUOTA EQUITABLY AMONG SUGAR-SUPPLYING COUNTRIES.

CHAIRMAN MINCHEW AND COMMISSIONERS LEONARD AND ABLONDI VOTED FOR AN ANNUAL QUOTA OF 4,400,000 SHORT TONS, RAW VALUE, TO BE APPLIED TO IMPORTS OF SUGARS, SIRUPS, AND MOLASSES PROVIDED FOR UNDER TSUS ITEMS 155.20 AND 155.30. THESE COMMISSIONERS WERE DIVIDED AS TO THE DURATION AND ADMINISTRATION OF THE QUOTA.

COMMISSIONERS LEONARD AND ABLONDI PROPOSED THAT THE 4.4-MILLION-TON ANNUAL QUOTA COMMENCE AT THE TIME OF THE INVESTIGATION. UNCLASSIFIED

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PRESIDENTIAL PROCLAMATION THAT WOULD BRING THE QUOTA INTO FORCE, AND THAT IT EXTEND FOR THREE 12-MONTH PERIODS THEREAFTER, WITH THE QUOTA YEAR BEGINNING ON THE ANNIVERSARY DATES OF THE PRESIDENTIAL PROCLAMATION. THEY PROPOSED THAT THE QUOTA BE A GLOBAL QUOTA, DISTRIBUTED EQUITABLY AMONG U.S. IMPORTERS BY THE AUCTION OF NON-TRANSFERRABLE IMPORT LICENSES. THE AUCTION OF SUCH LICENSES WOULD OCCUR FROM TIME TO TIME, AT THE DISCRETION OF THE SECRETARY OF AGRICULTURE AND UNDER SUCH RULES AS THE SECRETARY OF AGRICULTURE WOULD PROPOSE IN ORDER TO ASSURE AN EQUITABLE DISTRIBUTION OF THE LICENSES. THE QUOTA WOULD BE AUCTIONED OFF, AND THE PROCEEDS OF THE AUCTION FLOW TO THE U.S. TREASURY.

CHAIRMAN MINCHEW PROPOSED THAT THE 4.4-MILLION-TON ANNUAL QUOTA EXTEND FOR 5 CALENDAR YEARS, BEGINNING JANUARY 1, 1977, AND TERMINATING AT THE END OF CALENDAR YEAR 1981. THE PROPOSED QUOTA WOULD BE ADMINISTERED ON A COUNTRY-BY-COUNTRY BASIS, WITH THE 1977 QUOTA DETERMINED ON THE BASIS OF THE PROPORTION OF IMPORTS SUPPLIED BY EACH OF THE SUGAR-SUPPLYING COUNTRIES DURING THE PERIOD 1972/76. HE FURTHER PROPOSED THAT IF A COUNTRY FAILED TO MEET ITS QUOTA, ITS SHORTFALL WOULD BE DISTRIBUTED PROPORTIONATELY AMONG COUNTRIES WHICH SUPPLIED 100 PERCENT OF THEIR QUOTA FOR THAT YEAR. QUOTAS FOR THOSE COUNTRIES THAT DID NOT MEET THEIR SPECIFIED QUOTA LEVELS WOULD REMAIN PERMANENTLY REDUCED, BY THE AMOUNT NOT SUPPLIED, WHILE QUOTAS IN FUTURE YEARS FOR COUNTRIES SUPPLYING THEIR FULL QUOTAS REMAIN AS AUGMENTED.

SUGAR IS PRODUCED FROM THE JUICE OF SUGAR CANE AND SUGAR BEETS. ABOUT 55 PERCENT OF THE SUGAR CONSUMED ANNUALLY IN THE UNITED STATES COMES FROM DOMESTIC SOURCES (30 PERCENT FROM SUGAR BEETS AND 25 PERCENT FROM SUGAR CANE), AND 45 PERCENT (VIRTUALLY ALL CANE) COMES FROM FOREIGN SOURCES.

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THE U.S. SUGAR-PRODUCING INDUSTRY CAN BE DIVIDED INTO TWO GROUPS: SUGAR BEET PRODUCERS AND SUGAR CANE PRODUCERS. SUGAR BEETS ARE PRODUCED COMMERCIALY IN 18 STATES ON 11,000 TO 15,000 FARMS. CALIFORNIA, MINNESOTA, IDAHO, COLORADO, WASHINGTON, NORTH DAKOTA, MICHIGAN, NEBRASKA, WYOMING, AND MONTANA ACCOUNTED FOR 89 PERCENT OF THE 4.0 MILLION SHORT TONS, RAW VALUE, OF DOMESTIC BEET SUGAR PRODUCED IN CROP YEAR 1975/76. SUGAR CANE IS PRODUCED IN FLORIDA, LOUISIANA, TEXAS, HAWAII, AND PUERTO RICO AND APPROXIMATELY 5,000 FARMS. ALSO INCLUDED IN THE U.S. SUGAR INDUSTRY ARE 58 BEET-SUGAR-PROCESSING FACTORIES, 76 SUGAR CANE MILLS, AND 22

CANE SUGAR REFINERS.

FROM 1934 THROUGH 1974, U.S. PRODUCTION, IMPORTS, AND (TO A LARGE EXTENT) PRICES WERE HIGHLY CONTROLLED BY A SERIES OF SUGAR ACTS, THE LAST OF WHICH EXPIRED ON JANUARY 1, 1975.

SINCE 1971/72, ANNUAL U.S. PRODUCTION LEVELS ON A CROP-YEAR BASIS HAVE VARIED SUBSTANTIALLY. PRODUCTION INCREASED FROM 6.3 MILLION SHORT TONS, RAW VALUE, IN ,971/72 TO 6.7 MILLION TONS IN 1972/73, AND THEN DECLINED STEADILY TO 5.7 MILLION TONS IN 1974/75, THE YEAR DURING WHICH THE SUGAR ACT TERMINATED. IN 1975/76, HOWEVER, PRODUCTION AMOUNTED TO 7.3 MILLION TONS; OUTPUT IN 1976/77 IS ESTIMATED AT 6.9 MILLION TONS.

ANNUAL U.S. IMPORTS OF SUGAR ON A CALENDAR-YEAR BASIS HAVE ALSO VARIED CONSIDERABLY IN RECENT YEARS. IN 1971, IMPORTS AMOUNTED TO 5.6 MILLION SHORT TONS, RAW VALUE, DECLINED SLIGHTLY TO 5.3 MILLION TONS IN 1973, AND THEN INCREASED TO 5.8 MILLION TONS IN 1974, THE LAST YEAR OF THE SUGAR ACT CONTROLS. IN 1975, IMPORTS AMOUNTED TO 3.9 MILLION TONS, BUT INCREASED IN 1976 TO 4.7 MILLION UNCLASSIFIED

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TONS.

IMPORTANT FOREIGN SUPPLIERS OF SUGAR ARE THE DOMINICAN REPUBLIC, AUSTRALIA, THE PHILIPPINES, THE WEST INDIES, PERU, BRAZIL, AND CENTRAL AMERICA. U.S. CANE SUGAR REFINERS DEPEND UPON RAW SUGAR FROM FOREIGN AS WELL AS DOMESTIC SOURCES AS THE RAW MATERIAL FOR THEIR SUGAR-

REFINING OPERATIONS.

THE RATIO OF IMPORTS TO U.S. PRODUCTION OF SUGAR DECREASED IRREGULARLY FROM 91 PERCENT IN 1971 TO 59 PERCENT IN 1975. IT IS ESTIMATED THAT THE RATIO IN 1976 WILL BE HIGHER THAN THAT IN 1975. THE RATIO OF IMPORTS TO U.S. CONSUMPTION ALSO DECREASED IRREGULARLY, FROM 48 PERCENT IN 1971 TO 38 PERCENT IN 1975. HOWEVER THE RATIO INCREASED TO 42 PERCENT IN 1976. END TEXT.

2. AS POSTS WILL RECALL, THE PRESIDENT HAS SIXTY DAYS FROM THE RECEIPT OF THE REPORT TO MAKE A DECISION, I.E., MAY 16. INTERAGENCY CONSIDERATION OF THE ITC RECOMMENDATIONS IS NOW UNDER WAY.

3. U.S. MISSION OECD PARIS INFORM OECD SECRETARIAT. U.S. MISSION GENEVA NOTIFY THE GATT SECRETARIAT REQUESTING THAT THE ITC FINDING AND RECOMMENDATIONS BE CIRCULATED FOR THE INFORMATION OF THE CONTRACTING PARTIES.

4. COPIES OF ITC REPORT AIRPOUCHED WEEK BEGINNING MARCH
21.
VANCE

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<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 22-Sep-1999 12:00:00 am
Channel Indicators: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: N/A
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Review Withdrawn Fields: n/a
SAS ID: 2964979
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Subject: SUGAR: ITC REPORTS TO THE PRESIDENT
TAGS: ETRD, EAGR, XX, ITC
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Type: TE
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